

PROGRAM OVERVIEW

The Metro Affordable Transit Connected Housing Program (MATCH) is a public-private lending partnership with an estimated loan capitalization of \$75 million, leveraged with an \$18 million combined investment from Los Angeles County Metropolitan Transportation Authority (Metro), California Community Foundation (CCF), The California Endowment (TCE) and Weingart Foundation. The goal of the MATCH Program is to deliver innovative financing intended to preserve, stabilize and expand the affordable housing stock near existing and proposed transit nodes and major transit thoroughfares in Los Angeles County.

The \$18 million investment from Metro and foundations will serve as top loss for the two loan products under MATCH: the Housing + Transportation (H+T) Loan Product and the Predevelopment Loan Product. The H+T Loan Product provides patient acquisition funding for affordable housing developers to purchase qualified multifamily properties near transit, as defined below, and hold them for 5-10 years with short-term affordability restrictions while community and site-specific plans are completed to significantly increase the number of affordable units. The Predevelopment Loan Product provides predevelopment financing for new affordable housing planned near transit.

MATCH is managed by a consortium of three Community Development Financial Institutions (CDFIs): Low Income Investment Fund (LIIF), which also serves as Fund Administrative Agent; Enterprise Community Loan Fund (ECLF); and Local Initiatives Support Corporation (LISC). The three CDFIs are originating lenders for the MATCH program.

BORROWER ELIGIBILITY

- Non-profit developers
- For-profit developers in joint-venture with non-profit developers
- Borrowers must meet minimum requirements for developer experience

SITE ELIGIBILITY

- Located in Los Angeles County
- Located within a half mile of a fixed guideway station or intersection of two buses with 15 minutes maximum frequency peak period headways
- Prioritization for projects that demonstrate an existing or planned safe path of travel between transit and the proposed project

PROJECT/PROPERTY ELIGIBILITY

- **H+T Loan Product** – Existing, occupied, unsubsidized and non-deed restricted multifamily housing with rents affordable to households earning 80% of area median income (“AMI”) or below, with likely capacity to be redeveloped to at least double the number of units or square footage. Must have an existing minimum unit size of 20 units.
- **Predevelopment Loan Product** – A new affordable housing project through new construction or substantial rehabilitation. Must have a minimum unit size of 49 units and demonstrate site control.

ELIGIBLE COSTS

- **H+T Loan Product** – Purchase price, closing costs, financing fees, carrying costs (including costs for immediate repairs), reserves
- **Predevelopment Loan Product** – Predevelopment costs, such as architecture, engineering, environmental studies, entitlements and permits, etc.

ORIGINATING LENDERS

- **Enterprise Community Loan Fund** – Stephanie Barrett, Senior Loan Officer
sbarrett@enterprisecommunity.org
- **Local Initiatives Support Corporation** – Alexandra Dawson, Community Development Officer
 (213) 240-3118 | adawson@lisc.org
- **Low Income Investment Fund** – Emma Chavez, Market Director, Western Region
 (213) 262-2490 | echavez@liifund.org



PROJECT LOAN TERM SHEET: H+T Loans

The following Term Sheet is provided for convenience only and does not constitute a commitment to lend funds, and shall not create a binding or legally enforceable obligation on the Metro Affordable Transit Connected Housing Program ("MATCH") or any other party in any way. The terms contained herein are of a summary nature and are not all-inclusive.

Originating Lenders:	Low Income Investment Fund, Enterprise Community Loan Fund, Local Initiatives Support Corporation.
Project Loan Amount/ Loan to Value:	Maximum loan amount will be determined on per loan basis, and will consist of the sum of the following ((a)+(b)): (a) CDFI portion: 75% to 85% of the appraised property value; and (b) MATCH LLC portion: equal to the lower of (i) the difference between 120% of appraised property value and the CDFI portion; or (ii) \$2 million.
Loan Term:	Initial term of not more than 5 years. An additional term of not more than 5 years may be considered, at option of originating lender, if certain conditions are met.
Interest Rate:	Loan pricing will be favorable and determined by originating lender based on market conditions.
Borrower Equity:	The greater of \$100,000 or 3-5% of acquisition costs, funded in cash prior to, or at closing. Exceptions can be made for non-profit borrowers subject to approval by originating lender.
Repayment Terms:	5-year Initial Term: Interest only payments from project cash flow and, if needed, an interest reserve held from the loan proceeds, as determined by originating lender. Additional Term: Amortizing principal and interest over a 25-year period with even monthly payments. All outstanding principal and any unpaid interest or fees are due at the earlier of: a) date of maturity or b) take-out by refinancing.
Fees:	Origination Fee determined by originating lender. Good Faith deposits for third party reports will be required, as determined by originating lender.
Program Charitable Purpose Requirement/ Regulatory Agreement	A short-term Regulatory Agreement will be recorded upon closing of the H+T loan to ensure that the existing units are preserved as affordable units at 60% AMI or below until the property is redeveloped. The property will have a reasonable transition period to comply with the occupancy requirement. Following the closing, the borrower will only re-rent vacant units to tenants that meet the income eligibility restrictions. The borrower will be required to submit an Occupancy and Management Plan that demonstrates how it intends to meet the applicable income and rent restrictions. The Regulatory Agreement will be removed from title upon repayment of the H+T loan. It is anticipated that long-term affordability restrictions will be recorded upon repayment of the H+T loan to satisfy the requirements of construction/permanent financing. However, if the property is sold/refinanced upon payoff without recordation of long-term affordability restrictions, the sale/refinance proceeds will be subject to certain equity
Security:	H+T Loans will be secured by first lien Deed of Trust against the property. Each project will be required to record a regulatory agreement (subordinate to the DOT) (if not already in place).
Recourse/Guaranty:	H+T Loans are 100% recourse to the borrower. If the borrower is a special purpose entity, a repayment guaranty is required from the sponsor/parent company of the entity, in an amount equal to the portion of the loan that exceeds 75% of appraised property value of the subject property plus accrued and unpaid interest. For a for-profit sponsor, a full repayment guaranty will also be required from the principals of the sponsor entity.
Third Party Reports:	May include FIRREA-compliant appraisal, Phase I and Phase II environmental assessment, property condition report, plan and cost review for proposed scope of work, and other reports as required by lender.
Project Milestones:	All H+T Loans to include conditions and milestones to be met by specific dates with regard to architectural work, filing plans, entitlements, TCAC applications, etc.
Operating and Replacement Reserves:	A capitalized operating reserve of 6 months of stabilized expenses, as well as a capitalized replacement reserve shall be funded from the loan at closing.

PROJECT LOAN TERM SHEET

Predevelopment Loans

The following Term Sheet is provided for convenience only and does not constitute a commitment to lend funds, and shall not create a binding or legally enforceable obligation on the Metro Affordable Transit Connected Housing Program ("MATCH") or any other party in any way. The terms contained herein are of a summary nature and are not all-inclusive.

Originating Lenders:	Low Income Investment Fund, Enterprise Community Loan Fund, Local Initiatives Support Corporation.
Project Loan Amount:	Maximum loan amount of \$1.5 million, which consist of the following ((a)+(b)): (a) CDFI – 50% of the first \$1 million, Up to \$500,000 (b) MATCH LLC – 50% of the first \$1 million and 100% of the amount in excess of \$1 million
Loan Term:	Up to 24 months, with a 12-month extension option subject to replenishment of the interest reserve as deemed appropriate by originating lender.
Interest Rate:	Loan pricing will be favorable and determined by originating lender based on market conditions.
Borrower Equity:	The greater of \$50,000 or 3-5% of predevelopment costs, funded in cash prior to, or at closing. Exceptions can be made for non-profit borrowers subject to approval by originating lender.
Repayment Terms:	Interest only paid from an interest reserve established as part of the loan budget and advanced from loan proceeds as interest costs are incurred. Principal and any outstanding interest or fees are due at the earlier of: a) date of maturity or b) take-out by refinancing.
Fees:	Origination Fee determined by originating lender. Good Faith deposits for third party reports will be required, as determined by originating lender.
Program Charitable Purpose Requirement	The proposed project must meet certain affordability requirements to further the Program Charitable Purpose Requirements, as detailed in the Program Guidelines
Security:	Unsecured
Recourse/Guaranty:	100% recourse to the borrower. If the borrower is a special purpose entity, a repayment guaranty in the full amount of the Predevelopment Loan is required from the sponsor/parent company of the entity. For a for-profit sponsor, a full repayment guaranty will also be required from the principals of the sponsor entity.
Future Development Plans:	The borrower is required to provide descriptions of the future project, development budget, sources and uses proforma, letters of interest from funding sources and other information as required by lender.
Evidence of Permissive Zoning:	Evidence that the development of the property, as proposed, is permissible under applicable zoning ordinances or regulations. Alternatively, lenders may consider a realistic proposed plan of action for making the project permissible under applicable zoning regulations.
Project Milestones:	All Predevelopment Loans to include conditions and milestones to be met by specific dates with regard to architectural work, filing plans, entitlements, TCAC applications, etc.
Site Control:	Must have demonstrable site control of the subject property.